

TIME
22 December 1986

An Interview with the CIA Director

Telling his side of the story, Casey maintains that "the NSC was operating this thing"

In the inner sanctum of his office in Langley, Va., CIA Director William Casey was interviewed last Friday by TIME Assistant Managing Editor Henry Muller and Correspondent Bruce van Voorst. Under the ground rules, he refused to discuss sources or methods of covert operations. Repeatedly disclaiming CIA involvement or even knowledge about much of what went on, he defended what he insists was the agency's narrow role in helping the National Security Council.

Q. Why don't you tell all at this point?

A. I told all to the committees.

Q. Why can't that be made public?

A. As I understand it, the problem is they don't want it made public. I told it all. And I want to tell it all.

Q. Do you know it all?

A. I told all I know. I don't know all. I think I know the dealing on the American side, and I talked about it. The dealing that took place in Europe is very shadowy. Sure, we pick up information. I know a great deal about the arms dealers around the world. I don't know all about this operation though.

Q. What are the key things that you don't know?

A. I don't know everything that occurred on the Iranian side among and between the people who were working with the Iranians. I don't know everything the NSC did. The NSC was operating this thing; we were in a support mode.

Q. Do you know about the diversion of funds to the *contras*?

A. I don't know anything about diversion of funds. What you've got to understand is we were barred from being involved with the *contras*, and we kept away from that.

Q. Didn't the CIA keep tabs on the financing of the *contras*?

A. We know in general what the *contras* are doing, what their movements were, but we didn't know and they weren't telling us about their funding and their procurement.

Q. Did you notice an increase in weapons they were getting?

A. We noticed they were getting weapons. They weren't telling us.

Q. Do you have any evidence that the money from the Iran arms sales reached the *contras*?

A. No. They were buying and they were paying. We didn't know where it came from. They were out raising money. We

knew they were getting contributions. That was widely known. What those contributions were, where they came from, we didn't have any information.

Q. You're sure that not a nickel of that diverted money that Ed Meese is talking about ever reached the *contras*?

A. Not a nickel of the money that we had reached them. The money that reached them was provided before Congress tied our hands. The money that came to us is strictly accounted for and was applied to the weapons. What happened to the other money—the Attorney General hasn't made known what he knows about this diversion.

Q. Did you believe that someone was making a profit on the arms sales?

A. Well, yeah, sure I assumed somebody was making a profit. We didn't know what the profit was or where it went or who had it.

Q. You must have the *contras* penetrated from A to Z, and you were still not able to track the funding?

A. We don't think the *contras* knew much about the funding. We think that all was done at a higher level.

Q. You were alerted by Roy Furmark?

A. [He] called me up on Oct. 7 and told me that he wanted to come in, and told me that this money had come, some of the money had come from—had been invested by Canadians in the handling of these weapons.

Q. Had you known of the diversion?

A. No, I knew nothing of any diversions.

Q. What did you do once you found out?

A. I told [John] Poindexter I had learned that people had put money up to finance this, and they were not getting paid and were very upset about that and were trying to figure out how to get their money back.

Q. Was Poindexter surprised?

A. Yes, he was. He said he was surprised. He was concerned about it. I advised him that I thought he ought to get prepared to pull the whole story together and make a public statement of some kind. He said he didn't want to do that until—because it was an ongoing operation. They were hoping to get some hostages out.

Q. Did he explain further details on the funding?

A. No. I had a very short meeting with him.



"I don't know anything about diversion of funds"

MICHAEL EVANS

Continued

Q. Did you think at this point that the operation might hurt or embarrass the President?

A. Not specifically, but I think it was in our minds. We were concerned about the security of the operation. [Poindexter] was concerned about it falling apart and about not being able to follow through and get those other two hostages out and lose the opportunity to develop a relationship with Iran.

Q. Did Poindexter reveal other funding methods involved?

A. I'm not supposed to talk about a lot of this. I'm getting into some classified areas, and I'm only prepared to give you general statements.

Q. How is it possible that there was so much going on that the agency did not know about?

A. I think we knew in a general way that money was being raised and probably could have put a report together on it if we wanted to, but we didn't. We were not running the operation. We were supporting that. That was done by a few fellows in the NSC. It was their operation; they were in charge of the operation.

Q. Are you trying to distance the agency from the NSC?

A. I don't think I am. I'm telling you what the agency did and what its role was. And there was distance between us and the NSC.

Q. On the basis of your intelligence, were you convinced that it was reasonable to reach out to these people in Iran?

A. I don't know whether you can call them moderates, but there are people who want to deal differently. There are people who want to resume some kind of relationship with the U.S.

Q. Why did that entail the delivery of weapons?

A. That was the method of opening up the relationship, to get them talking. The Iranians were probably buying billions of dollars' worth of weapons. This was \$12 million.

Q. That was the only delivery, indirectly or directly?

A. That's all we were involved in.

Q. Which shipments are you talking about?

A. I'm talking about three shipments. To put that in perspective, we had some very rough estimates that the Iranians and the Iraqis had purchased around \$20 billion in arms between them during the course of that horrible war they're having. I think in the past year we estimated between \$3 billion and \$4 billion. So \$12 million is not much of a drop in the bucket.

Q. In retrospect, wasn't it poor intelligence judgment to have taken this initiative with such people?

A. I think there's an argument about that. A lot of people doubt that it was a good idea. But I think it was a reasonable gamble, and I think the record shows that. We did get some hostages out. We did develop a relationship that may carry on or may not carry on.

Q. If it was legal, couldn't you just fund it almost directly?

A. It was a clandestine operation. It was supposed to be secret. If this had been public, it really wouldn't have worked.

Q. Was the NSC put in charge in order to avoid congressional oversight?

A. No. I don't think so. There was a decision to keep it quiet and not to disclose it to the Congress. The reason the NSC was put in charge of it is that it started between the NSC adviser and the adviser to the Israeli Prime Minister.

Q. Was it a mistake not to involve a few key congressional leaders?

A. Of course. In retrospect, a lot of things seem to be mistakes, and probably in retrospect it was a mistake to keep key congressional leaders out. But that was a judgment that was made at the very top of this country. The judgment was made primarily by the NSC adviser and, I guess, the President.

Q. Did the NSC clearly explain to the President what was going on?

A. I think the President knew what was going on, sure. Clearly when he signed the finding, and probably before.

Q. Did the President know about the methods being used to finance the contras?

A. I don't know.

Q. He presumably knew a lot about the Israeli arms deliveries to Iran. Were all the shipments authorized?

A. I don't know much about the Israeli arms to Iran.

Q. Didn't anybody point out the contradiction of publicly following a policy of not dealing with terrorists while holding secret negotiations with them?

A. Yeah. We're not stupid. There's a contradiction, and we recognized it. You frequently do limited things to achieve a specific result that may be inconsistent with your general policy. That's not that unusual.

Q. Do you feel you've served the President well?

A. Yes. I think we've done a great job. I really do. On the Iranian thing we have done what we were supposed to do. We have done it well, and we've accounted for everything. The CIA role was to provide support to an activity under the direction of the NSC. All the activities were entirely properly conducted and fully authorized. We received \$12 million to pay for the Defense Department weapons shipped to Iran. It has been meticulously accounted for. We facilitated the movement of these weapons in three separate flights, and none of the \$12 million reaching us has been diverted for any other purposes. Now you can raise questions about what we should have known and so on, but what we've known we've handled properly. A lot of people are trying to put responsibilities on us that we didn't have.

Q. Some people are suggesting you should resign.

A. I suppose that everybody's trying to put the blame somewhere else.

“In retrospect, a lot of things seem to be mistakes.”